

Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 FS-01 ABF-01 AGR-20 CIAE-00 COME-00

DODE-00 DOTE-00 EB-11 EPA-04 HEW-08 HUD-02 INR-11

INT-08 LOC-01 NASA-04 NSAE-00 NSF-04 OMB-01 RSC-01

SCI-06 SMI-01 TRSE-00 L-03 AID-20 DRC-01 /125 W

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R 301130Z JUL 74

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 6358

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C O R R E C T E D C O P Y (MRN 4748 VICE 4768)

PASS DHEW/PHS, AND DHEW/SRS

E.O. 11652: N/A

TAGS: OSCI, TBIO, TS

SUBJ: GOT DESIRE NEGOTIATE MODEL AGREEMENT FOR SFCP
PROJECTS

REF: TUNIS 4515

SUMMARY: MINISTRY FOREIGN AFFAIRS OFFICIALS REPEAT
REQUEST TO NOGOTIATE "MODEL AGREEMENT" FOR SFCP PROJECTS
AND ASK THAT USG PREPARE INITIAL DRAFT. IN ADDITION TO
BASIC AGREEMENT, THEY ENVISAGE THAT SEPARATE "OPERATING
PLAN" WOULD BE CONCLUDED FOR EACH PROJECT WITH ONLY
MINIMAL GOT REVIEW. TUNISIAN INSISTENCE ON "BUDGETIZATION"
OF FUNDS MAY POSE MOST SERIOUS NEGOTIATING PROBLEM
ALTHOUGH TUNISIAN OFFICIALS SAY THEY ARE PREPARED BE
FLEXIBLE IN ORDER ASSURE PROPER IMPLEMENTATION OF
PROJECTS. THEY CITE CLAUSES IN ZINC NUTRITION PROJECT
AS APPROPRIATE PRECEDENT FOR MODEL AGREEMENT. END
SUMMARY.

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ACTION REQUESTED: WOULD APPRECIATE COMMENTS AND REACTION TO EMBASSY RECOMMENDATIONS REFTEL.

1. DURING MEETING N JULY 19 MOFA OFFICIALS (BEN YAHIA AND CHELBI) TOLD EMBOFFS USG TOOULD PRESENT INITIAL DRAFT OF "MODEL AGREEMENT" FOR ALL SFCP PROJECTS INVOLVING GOT AGENCIES OR MINISTRIES. MOFA OFFICIALS AGAIN STRESSED THAT SUCH AGREEMENT INTENDED IN PART TO SPEED UP APPROVAL PROCESS BY OBTAINING NECESSITY OF NEGOTIATING ADMINISTRATIVE TERMS FOR EACH PROJECT. IN THEIR VIEW AGREEMENTS TO CONDUCT SFCP PROJECTS INVOLVING GOT WOULD BE DIVIDED INTO TWO PARTS: (A) "BASIC AGREEMENT" COVERING ADMINISTRATIVE DETAILS (THE "MODEL" AGREEMENT), WHICH WOULD BE SAME FOR ALL PROJECTS, AND (B) "OPERATING PLAN," WHICH WOULD INCLUDE DESCRIPTION OF EACH PROJECT, OBJECTIVES, DURATION, COSTS, LIST OF PERSONNEL AND EQUIPMENT NEEDS, WORK SCHEDULE, ETC. MOFA OFFICIALS SAID CONCLUSION OF OPERATION PLAN WOULD BE LEFT TO CONCERNED USG AGENCY AND GOT INSTITUTION OR MINISTRY (E.G., DHEW AND MINISTRY OF HEALTH). MOFA OFFICIALS AGAIN CONFIRMED THAT THEY EXPECTED APPROVAL PROCESS TO BECOME QUITE ROUTINE ONCE MODEL AGREEMENT WORKED OUT SINCE, THEY SAID, GOT FAVORS SFC PROGRAM AND INDIVIDUAL MINISTRIES, INCLUDING MOFA, SEE NO NEED TO REVIEW AND PROVE PROVISIONS OF OPERATING PLAN. MOFA WOULD APPROVE EACH PROJECT ON BASIS OF SHORT DESCRIPTION, THEY SAID.

2. MOFA OFFICIALS CONFIRMED OUR IMPRESSION THAT BUDGETIZATION IS MOST VITAL TO GOT AND WILL BE MOST DIFFICULT ISSUE IN NEGOTIATIONS. THEY SAID PRIME MINISTER ISSUED ORDER IN LATE 1972 OR EARLY 1973 REQUIRING THAT ALL FUNDS MADE AVAILABLE TO TUNISIAN GOVERNMENT MINISTRIES OR AGENCIES -- WHETHER OBTAINED BY FOREIGN GRANTS, LOANS, OR "OTHER MEANS" -- HAD TO BE EXPENDED IN ACCORDANCE WITH TUNISIAN BUDGETARY PROCESSES. THEY ALSO INDICATED THAT ANNUAL BUDGETS FOR TUNISIAN GOVERNMENT AGENCIES CONCERNED SHOULD REFLECT AVAILABILITY OF THESE FUNDS. MOFA OFFICIALS ASCRIBED PM'S ORDER TO DETERMINATION BY GOT TO INSURE BETTER MANAGEMENT OF FUNDS IN COUNTRY. THEY LIMITED OFFICIAL USE

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STATED THESE PROCEDURES SHOULD POSE NO MAJOR PROBLEMS TO IMPLEMENTATION OF SFCP PROJECTS AND CITED VARIOUS AID PROJECTS AS EXAMPLE.

3. EMBOFFS POINTED OUT THAT EXAMPLE OF AID PROJECTS NOT RELEVANT SINCE SFCP FINANCED BY US-OWNED DINARS APPROPRIATED BY CONGRESS TO US AGENCIES WHICH, IN EFFECT, USUALLY CONTRACT OUT RESEARCH WORK BENEFITING

BOTH COUNTRIES TO TUNISIAN INSTITUTIONS. QUESTIONABLE THAT US AGENCIES WOULD WISH TO HAVE EXPENDITURE OF THEIR FUNDS SUBJECT TO BUDGETARY RESTRICTIONS RH THAT THEY WOULD CONSIDER SUCH CONOROLS CONSISTENT WITH US-GOT AGREEMENTS ON US-USE DINARS.

4. MOFA OFFICIALS ASSURED US GOT PREPARED BE FLEXIBLE ON ISSUE. POSSIBILITY WAS DISCUSSED OF BUDGETIZING ONLY THAT PART OF EACH PROJECT COSTS WHICH ACTUALLY ACCRUE TO GOT AGENCY. REMAINING FUNDS FOR EXPENDITURES SUCH AS INTERNATIONAL TRAVEL, PAYMENTS TO AMERICANS, HOUSING RENTS OF AMERICANS, ETC., WOULD BE EXPENDED BY US AGENCY, POSSIBLY THROUGH US EMBASSY.

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5. ONLY OTHER SUBSTANTIVE POINT DISCUSSED WAS RIGHT OF US AGENCY TO RETAIN EQUIPMENT USED IN PROJECT ONCE PROJECT IS COMPLETED. MOFA OFFICIALS SUGGESTED THIS BE COVERED IN "OPERATING PLAN," NOT MODEL AGREEMENT. IT WAS SUGGESTED THAT EQUIPMENT PURCHASED BY BLOCKED US-OWNED DINAR FUNDS COULD EITHER REVERT TO TUNISIAN AGENCY AT END OF PROJECT OR BE RETAINED BY US AGENCY BUT ONLY FOR USE IN TUNISIA.

6. DURING MEETING AND IN SEPARATE CONVERSATIONS, MOFA

OFFICIALS HAVE INDICATED THAT ZINC NUTRITION PROJECT, WHICH THEY SAID GOT NOW READY TO SIGN, POSSIBLY WITH SOME MODIFICATIONS, PROVIDED PRECEDENCE FOR MANY PROVISIONS OF MODEL AGREEMENT. EMBOFFS DEMURRED, POINTING OUT THAT TERMS OF ZINC NUTRITION PROJECT ONLY AGREED TO BY ONE US AGENCY (FDA) AND ONLY FOR ONE PROJECT. TERMS MAY NOT BE ACCEPTABLE FOR OTHER SFCP PROJECTS. CHELBI TOLD EMBOFF HE APPRECIATED THIS BUT IF GOT IS ASKED TO APPROVE URGENT PROJECTS BEFORE MODEL AGREEMENT IS CONCLUDED, IT WILL PROBABLY DO SO ONLY IF TERMS SAME AS THOSE OF ZINC NUTRITION PROJECT.

7. COMMENT: AS POINTED OUT REFTEL, GOT UNLIKELY LIMITED OFFICIAL USE

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APPROVE ANY MORE SFCP PROJECTS UNTIL "MODEL AGREEMENT" NEGOTIATED. UTILIZATION OF TERMS OF ZINC NUTRITION PROJECT IN INTERIM PROBABLY UNDESIRABLE SINCE IT WOULD ESTABLISH THESE AS PRECEDENT FOR ALL FUTURE PROJECTS. WOULD APPRECIATE REACTION TO GOT PROPOSAL AND TO EMBASSY RECOMMENDATIONS REFTEL. WE ASSUME ADDISON RICHMOND OF SCI UNABLE VISIT TUNIS DURING RECENT TRIP (STATE 158564). SEELYE

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